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## **PSC ORDERS BELL SOUTH TO PHASE OUT CERTAIN CHARGES**

FRANKFORT, Ky. (June 29, 2004) The Kentucky Public Service Commission (PSC) today ordered BellSouth Telecommunications, Inc. to phase out monthly charges assessed to customers who live in the farther reaches of their telephone exchanges.

The PSC denied BellSouth's request to raise basic phone rates in order to make up the revenue lost as a result of the fees, known as mileage or band zone charges. Band zone charges were originally assessed many years ago to reflect the cost of extending service to more distant customers.

About 287,000 BellSouth customers now pay band zone charges. The charges generate about \$12 million in annual revenue for the company.

BellSouth is the last major telephone company in Kentucky which assesses band zone charges. The monthly charges are \$1.30 for customers up to one mile outside the central base rate area for their exchange, \$2.60 for customers one to two miles outside the base rate area, and \$5.20 for customers more than two miles outside the base rate area.

Under the PSC order, the \$5.20 charge will be reduced to \$2.60 on August 1, 2004; the \$2.60 charges will drop to \$1.30 on August 1, 2005; and all band zone charges will be eliminated on August 1, 2006.

The band zone question was one of several issues included in the PSC's review of BellSouth's three-year plan for transition into a competitive telecommunications market. An independent audit conducted for the PSC by Florida-based Vantage Consulting, Inc., found that BellSouth had met the objectives set out in the plan, and gone well beyond the plan objective in the expansion of broadband service.

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BellSouth had asked the PSC to extend the plan for an indefinite period. The PSC agreed to make it permanent, subject to review in five years

Vantage recommended a review of existing statutes and regulations to see whether any are outdated. In its order, the PSC invites telecommunications companies to request reviews of any statutes or regulations that are no longer needed “due to the availability of alternatives in a competitive market, or due to technological changes.”

The review of band zone charges arose out of a complaint filed by a BellSouth customer and was incorporated into the review of the Transition Regulatory Plan.

The order, audit report and related case documents are posted on the PSC Web site, which is [psc.ky.gov](http://psc.ky.gov). The case number is 2003-00304.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky. The PSC has approximately 110 employees.

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